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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-33274

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: K-One Investment Company Inc

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

4943 Old Greenwood Road, Suite 9

(No. and Street)

Fort Smith

AR

72903

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

BKD, LLP

(Name - if individual, state last, first, middle name)

5000 Rogers Ave, Suite 700

Fort Smith

AR

72903

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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FINANCIAL**

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Washington, DC
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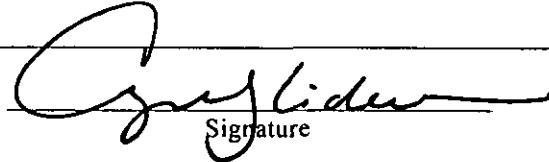
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

Handwritten signature/initials

OATH OR AFFIRMATION

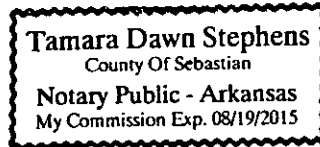
I, Cynthia Glidewell, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of K-One Investment Company, Inc., as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None


Signature

President


Notary Public



Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

FORM
X-17A-5

FOCUS REPORT

(Financial and Operational Combined Uniform Single Report)

ANNUAL

INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17

COVER

Select a filing method:

Basic ☒ Alternate ☐ [0011]

Name of Broker Dealer: K-ONE INVESTMENT COMPANY, INC.
[0013]

SEC File Number: 8- 33274
[0014]

Address of Principal Place of Business: 4943 OLD GREENWOOD ROAD
[0020]

FORT SMITH AR 72903
[0021] [0022] [0023]

Firm ID: 16156
[0015]

For Period Beginning 01/01/2007 And Ending 12/31/2007
[0024] [0025]

Name and telephone number of person to contact in regard to this report:

Name: Joseph A. Sanford, FinOp Phone: (479) 782-0998
[0030] [0031]

Name(s) of subsidiaries or affiliates consolidated in this report:

Name: None Phone: _____
[0032] [0033]

Name: _____ Phone: _____
[0034] [0035]

Name: _____ Phone: _____
[0036] [0037]

Name: _____ Phone: _____
[0038] [0039]

Does respondent carry its own customer accounts? Yes ☐ [0040] No ☒ [0041]

Check here if respondent is filing an audited report ☐ [0042]

K-One Investment Company, Inc.

Accountants' Report and Audited Focus Report

December 31, 2007



K-One Investment Company, Inc.

December 31, 2007

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Independent Accountants' Report

Board of Directors
K-One Investment Company, Inc.
New York City, New York

We have audited the accompanying statement of financial condition of K-One Investment Company, Inc. as of December 31, 2007, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of K-One Investment Company, Inc. as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying supplementary schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by Rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BKD, LLP

Fort Smith, Arkansas
February 27, 2008

ASSETS

Consolidated [0198]	Unconsolidated [0199]			
	Allowable	Non-Allowable	Total	
1. Cash	<u>447,187</u> [0200]		<u>447,187</u> [0750]	
2. Receivables from brokers or dealers:				
A. Clearance account	<u> </u> [0295]			
B. Other	<u> </u> [0300]	<u> </u> [0550]	<u> </u> [0810]	0
3. Receivables from non-customers	<u>243,370</u> [0355]	<u>14,112</u> [0600]	<u>257,482</u> [0830]	
4. Securities and spot commodities owned, at market value:				
A. Exempted securities	<u> </u> [0418]			
B. Debt securities	<u> </u> [0419]			
C. Options	<u> </u> [0420]			
D. Other securities	<u> </u> [0424]			
E. Spot commodities	<u> </u> [0430]		<u> </u> [0850]	0
5. Securities and/or other investments not readily marketable:				
A. At cost				
	<u>25,000</u> [0130]			
B. At estimated fair value	<u> </u> [0440]	<u>25,000</u> [0610]	<u>25,000</u> [0860]	
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:	<u> </u> [0460]	<u> </u> [0630]	<u> </u> [0880]	0
A. Exempted securities	<u> </u> [0150]			
B. Other securities	<u> </u>			

	[0160]			
7. Secured demand notes market value of collateral:				0
	[0470]	[0640]		[0890]
A. Exempted securities				
	[0170]			
B. Other securities				
	[0180]			
8. Memberships in exchanges:				
A. Owned, at market				
	[0190]			
B. Owned, at cost		[0650]		
C. Contributed for use of the company, at market value		[0660]	0	[0900]
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships	[0480]	[0670]		0 [0910]
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	[0490]	31,894 [0680]	31,894	[0920]
11. Other assets	[0535]	68,050 [0735]	68,050	[0930]
12. TOTAL ASSETS	690,557 [0540]	139,056 [0740]	829,613	[0940]

LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13. Bank loans payable	<u> </u> [1045]	<u> </u> [1255]	<u> </u> 0 [1470]
14. Payable to brokers or dealers:			
A. Clearance account	<u> </u> [1114]	<u> </u> [1315]	<u> </u> 0 [1560]
B. Other	<u> </u> [1115]	<u> </u> [1305]	<u> </u> 0 [1540]
15. Payable to non-customers	<u> </u> [1155]	<u> </u> [1355]	<u> </u> 0 [1610]
16. Securities sold not yet purchased, at market value		<u> </u> [1360]	<u> </u> 0 [1620]
17. Accounts payable, accrued liabilities, expenses and other	<u>526,134</u> [1205]	<u>7,714</u> [1385]	<u>533,848</u> [1685]
18. Notes and mortgages payable:			
A. Unsecured	<u>69,799</u> [1210]		<u>69,799</u> [1690]
B. Secured	<u> </u> [1211]	<u> </u> [1390]	<u> </u> 0 [1700]
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		<u> </u> [1400]	<u> </u> 0 [1710]
1. from outsiders	<u> </u> [0970]		
2. Includes equity subordination (15c3-1(d)) of	<u> </u> [0980]		
B. Securities borrowings, at market value:		<u> </u> [1410]	<u> </u> 0 [1720]
from outsiders	<u> </u> [0990]		
C. Pursuant to secured demand note collateral agreements:		<u> </u> [1420]	<u> </u> 0 [1730]
1. from outsiders			

				[1000]
	2. Includes equity subordination (15c3-1(d)) of			
				[1010]
	D. Exchange memberships contributed for use of company, at market value			0
		[1430]		[1740]
	E. Accounts and other borrowings not qualified for net capital purposes			0
		[1220]	[1440]	[1750]
20.		595,933	7,714	603,647
	TOTAL LIABILITIES	[1230]	[1450]	[1760]

Ownership Equity

		Total
21. Sole proprietorship		[1770]
22. Partnership (limited partners {1020})		[1780]
23. Corporations:		
A. Preferred stock		[1791]
B. Common stock		21,000 [1792]
C. Additional paid-in capital		23,772 [1793]
D. Retained earnings		181,194 [1794]
E. Total		225,966 [1795]
F. Less capital stock in treasury		[1796]
24. TOTAL OWNERSHIP EQUITY		225,966 [1800]
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY		829,613 [1810]

STATEMENT OF INCOME (LOSS)

Period Beginning 01/01/2007
[3932]

Period Ending 12/31/2007
[3933]

Number of months 12
[3931]

REVENUE

1. Commissions:	
a. Commissions on transactions in exchange listed equity securities executed on an exchange	[3935]
b. Commissions on listed option transactions	[3938]
c. All other securities commissions	[3939]
d. Total securities commissions	0 [3940]
2. Gains or losses on firm securities trading accounts	
a. From market making in options on a national securities exchange	[3945]
b. From all other trading	[3949]
c. Total gain (loss)	0 [3950]
3. Gains or losses on firm securities investment accounts	[3952]
4. Profit (loss) from underwriting and selling groups	[3955]
5. Revenue from sale of investment company shares	[3970]
6. Commodities revenue	[3990]
7. Fees for account supervision, investment advisory and administrative services	10,303,586
8. Other revenue	10,303,586
9. Total revenue	[4030]

EXPENSES

	337,122
10. Salaries and other employment costs for general partners and voting stockholder officers	5,228,762
11. Other employee compensation and benefits	4,010,030
12. Commissions paid to other broker-dealers	1,080
13. Interest expense	[4075]
a. Includes interest on accounts subject to subordination agreements	[4070]
	46,443
14. Regulatory fees and expenses	760,474
15. Other expenses	[4100]

16. Total expenses	<u>10,383,910</u>
	[4200]
NET INCOME	
17. Net Income(loss) before Federal Income taxes and items below (Item 9 less Item 16)	<u>-80,324</u>
18. Provision for Federal Income taxes (for parent only)	<u>-18,465</u>
	[4220]
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above	<u></u>
	[4222]
a. After Federal income taxes of	<u></u>
	[4238]
20. Extraordinary gains (losses)	<u></u>
	[4224]
a. After Federal income taxes of	<u></u>
	[4239]
21. Cumulative effect of changes in accounting principles	<u></u>
	-61,859
22. Net income (loss) after Federal income taxes and extraordinary items	<u></u>
	[4230]

EXEMPTIVE PROVISIONS

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based

A. (k)

☐ [4550]

(1)--Limited business (mutual funds and/or variable annuities only)

B. (k)

☒ [4560]

(2)(i)--"Special Account for the Exclusive Benefit of customers" maintained

C. (k)

☐ [4570]

(2)(ii)--All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm(s)

Clearing Firm SEC#s

Name

Product Code

8- _____
[4335A]

_____ [4335A2]

_____ [4335B]

8- _____
[4335C]

_____ [4335C2]

_____ [4335D]

8- _____
[4335E]

_____ [4335E2]

_____ [4335F]

8- _____
[4335G]

_____ [4335G2]

_____ [4335H]

8- _____
[4335I]

_____ [4335I2]

_____ [4335J]

D. (k)

☐ [4580]

(3)--Exempted by order of the Commission

COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition		225,966	
			[3480]	
2.	Deduct ownership equity not allowable for Net Capital			[3490]
			225,966	
3.	Total ownership equity qualified for Net Capital			[3500]
4.	Add:			
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			0
				[3520]
	B. Other (deductions) or allowable credits (List)			
		[3525A]	[3525B]	
		[3525C]	[3525D]	
		[3525E]	[3525F]	0
				[3525]
5.	Total capital and allowable subordinated liabilities		225,966	[3530]
6.	Deductions and/or charges:			
	A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	139,056		
			[3540]	
	B. Secured demand note deficiency		[3590]	
	C. Commodity futures contracts and spot commodities - proprietary capital charges		[3600]	
	D. Other deductions and/or charges		[3610]	-139,056
				[3620]
7.	Other additions and/or credits (List)			
		[3630A]	[3630B]	
		[3630C]	[3630D]	
		[3630E]	[3630F]	0
				[3630]
8.	Net capital before haircuts on securities positions		86,910	[3640]
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			
	A. Contractual securities commitments		[3660]	
	B. Subordinated securities borrowings		[3670]	
	C. Trading and investment			

securities:

1. Exempted securities		[3735]	
2. Debt securities		[3733]	
3. Options		[3730]	
4. Other securities		[3734]	
D. Undue Concentration		[3650]	
E. Other (List)			
	[3736A]	[3736B]	
	[3736C]	[3736D]	
	[3736E]	[3736F]	
		0	0
		[3736]	[3740]
10. Net Capital			86,910
			[3750]

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	39,728
	[3756]
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with <u>Note(A)</u>	5,000
	[3758]
13. Net capital requirement (greater of line 11 or 12)	39,728
	[3760]
14. Excess net capital (line 10 less 13)	47,182
	[3770]
15. Excess net capital at 1000% (line 10 less 10% of line 19)	27,316
	[3780]

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	595,933
	[3790]
17. Add:	
A. Drafts for immediate credit	
	[3800]
B. Market value of securities borrowed for which no equivalent value is paid or credited	
	[3810]
C. Other unrecorded amounts (List)	

[3820A]

[3820B]

[3820C]

[3820D]

[3820E]

[3820F]

0

[3820]

0

[3830]

595,933

[3840]

19. Total aggregate indebtedness

20. Percentage of aggregate indebtedness to net capital (line 19 / line 10)

% 686

[3850]

OTHER RATIOS

21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)

% _____ 0

[3860]

SCHEDULED WITHDRAWALS

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual	Name of Lender or Contributor	Insider or Outsider	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	Withdrawal or Expect Maturity Date to (MMDDYYYY) Renew	
[4600]		[4601]	[4602]	[4603]	[4604] [4605]
[4610]		[4611]	[4612]	[4613]	[4614] [4615]
[4620]		[4621]	[4622]	[4623]	[4624] [4625]
[4630]		[4631]	[4632]	[4633]	[4634] [4635]
[4640]		[4641]	[4642]	[4643]	[4644] [4645]
[4650]		[4651]	[4652]	[4653]	[4654] [4655]
[4660]		[4661]	[4662]	[4663]	[4664] [4665]
[4670]		[4671]	[4672]	[4673]	[4674] [4675]
[4680]		[4681]	[4682]	[4683]	[4684] [4685]
[4690]		[4691]	[4692]	[4693]	[4694] [4695]
TOTAL			0		
			\$		
				[4699]	
			Omit Pennies		

Instructions Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

Withdrawal Code	Description
1	Equity Capital
2	Subordinated Liabilities
3	Accruals
4	15c3-1(c)(2)(iv) Liabilities

STATEMENT OF CHANGES

STATEMENT OF CHANGES IN OWNERSHIP EQUITY (SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1.	Balance, beginning of period		<u>287,825</u>
			[4240]
	A. Net income (loss)		<u>-61,859</u>
			[4250]
	B. Additions (includes non-conforming capital of	<u>[4262])</u>	<u>[4260]</u>
	C. Deductions (includes non-conforming capital of	<u>[4272])</u>	<u>[4270]</u>
2.	Balance, end of period (From item 1800)		<u>225,966</u>
			[4290]

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

3.	Balance, beginning of period		<u>[4300]</u>
	A. Increases		<u>[4310]</u>
	B. Decreases		<u>[4320]</u>
4.	Balance, end of period (From item 3520)		<u>0</u>
			[4330]

**FORM
X-17A-5**

FOCUS REPORT

(Financial and Operational Combined Uniform Single Report)

Schedule I

INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17

Report for period beginning 01/01/2007 and ending 12/31/2007
[8005] [8006]

SEC File Number: 33274
[8011]

Firm ID: 16156

1. Name of Broker Dealer: K-ONE INVESTMENT COMPANY, INC.
[8020]

2. Name(s) of broker-dealer(s) merging with respondent during reporting period:

Name: _____ Phone: _____
[8053] [8057]

Name: _____ Phone: _____
[8054] [8058]

Name: _____ Phone: _____
[8055] [8059]

Name: _____ Phone: _____
[8056] [8060]

3. Respondent conducts a securities business exclusively with registered broker-dealers: Yes ☐ No ☒ [8073]

4. Respondent is registered as a specialist on a national securities exchange: Yes ☐ No ☒ [8074]

5. Respondent makes markets in the following securities:

(a) equity securities Yes ☐ No ☒ [8075]

(b) municipals Yes ☐ No ☒ [8076]

(c) other debt instruments Yes ☐ No ☒ [8077]

6. Respondent is registered solely as a municipal bond dealer: Yes ☐ No ☒ [8078]

7. Respondent is an insurance company or an affiliate of an insurance company: Yes ☐ No ☒ [8079]

8. Respondent carries its own public accounts: Yes ☐ No ☒ [8084]

9. Respondent's total number of public customer accounts:

(carrying firms filing X-17A-5 Part II only)

(a) Public customer accounts _____ 0
[8080]

(b) Omnibus accounts _____ 0
[8081]

10. Respondent clears its public customer and/or proprietary accounts: Yes ☐ No ☒ [8085]

11. Respondent clears its public customer accounts in the following manner:

- (a) Direct Mail (New York Stock Exchange Members Only) ☐ [8086]
(b) Self Clearing ☐ [8087]
(c) Omnibus ☐ [8088]
(d) Introducing ☐ [8089]
(e) Other ☐ [8090]
(f) Not Applicable ☒ [8091]

12. Yes ☐ No ☒ [8100]

(a) Respondent maintains membership(s) on national securities exchange(s):

(b) Names of national securities exchange(s) in which respondent maintains memberships:

- (1) American ☐ [8120]
(2) Boston ☐ [8121]
(3) CBOE ☐ [8122]
(4) Midwest ☐ [8123]
(5) New York ☐ [8124]
(6) Philadelphia ☐ [8125]
(7) Pacific Coast ☐ [8126]
(8) Other ☐ [8129]

13. Employees:

- (a) Number of full-time employees 4 [8101]
(b) Number of full-time employees registered representatives employed by respondent included in 13(a) 17 [8102]

14. Number of NASDAQ stocks respondent makes market 0 [8103]

15. Total number of underwriting syndicates respondent was a member 0 [8104]

16. Number of respondent's public customer transactions:

Actual ☐ Estimate ☒

- (a) equity securities transactions effected on a national securities exchange [8107]
(b) equity securities transactions effected other than on a national securities exchange [8108]
(c) commodity, bond, option, and other transactions effected on or off a national securities exchange [8109]

17. Respondent is a member of the Securities Investor Protection Corporation Yes ☒ No ☐ [8111]

18. Number of branch offices operated by respondent 6 [8112]

19. Yes ☐ No ☒ [8130]

(a) Respondent directly or indirectly controls, is controlled by, or is under common control with a U.S. bank

(b) Name of parent or affiliate _____ [8131]

(c) Type of institution _____ [8132]

20. Respondent is an affiliate or subsidiary of a foreign broker-dealer or bank Yes ☐ No ☒ [8113]

21. Yes ☐ No ☒ [8114]

(a) Respondent is a subsidiary of a registered broker-dealer

(b) Name of parent _____ [8116]

22. Respondent is a subsidiary of a parent which is not a registered broker or dealer Yes ☐ No ☒ [8115]

23. Respondent sends quarterly statements to customers pursuant to Rule 10b-10(b) in lieu of daily or immediate confirmations: Yes ☐ No ☒ [8117]

* Required in any Schedule I filed for the calendar year 1978 and succeeding years.

24. Aggregate Dollar Amount of Non-Exempted OTC Sales of Exchange-Listed Securities Done by Respondent During the Reporting Period _____ 0 [8118]

N.A.S.D. Miscellaneous Information

Annual Municipal Income _____ 0 [8151]

K-One Investment Company, Inc.

Statement of Cash Flows

Year Ended December 31, 2007

Operating Activities

Net loss	\$ (61,857)
Items not requiring (providing) cash	
Depreciation	6,366
Loss on disposal of equipment	6,775
FINRA penalty financed	37,500
Deferred income taxes	(2,412)
Changes in	
Accounts receivable	284,774
Prepaid expenses	17,287
Accounts payable and accrued expenses	1,485
Income taxes receivable	(65,411)
Income taxes payable	<u>(23,276)</u>

Net cash provided by operating activities 201,231

Investing Activities

Purchase of equipment	(13,334)
Purchase of securities	<u>(25,000)</u>

Net cash used in investing activities (38,334)

Financing Activities

Principal payments on long term debt	<u>(2,666)</u>
--------------------------------------	----------------

Net cash used in financing activities (2,666)

Increase in Cash 160,231

Cash, Beginning of Year 286,956

Cash, End of Year \$ 447,187

Supplemental Cash Flow Information

Income taxes paid (net of refunds)	\$ 77,831
Note Issued for insurance premium	\$ 34,965

K-One Investment Company, Inc.

Notes to Financial Statements

December 31, 2007

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

K-One Investment Company, Inc. is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company's revenues are predominately earned from underwriting fees and commissions from Regulation D private offerings. Underwritings are provided primarily for corporate real estate ventures throughout the United States of America. The Company has unsecured accounts receivable for revenues earned.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due upon receipt of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Equipment

Equipment is depreciated over the estimated useful life of each asset. Annual depreciation is computed using the straight-line method.

Income Taxes

Deferred tax assets and liabilities are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

K-One Investment Company, Inc.

Notes to Financial Statements

December 31, 2007

Revenue Recognition

Revenue is recognized as of the closing date for transactions.

Note 2: Note Payable and Long-term Debt

The Company has a \$34,965 note payable for one of its annual insurance premiums which is due September 2008; payable \$4,073 monthly, including interest at 11.45%.

Long-term debt consisted of the following at December 31, 2007:

Installment note payable (A)	\$ 34,834
Less current maturities	<u>11,443</u>
	<u>\$ 23,391</u>

(A) Unsecured, due September 2010; payable \$1,232 monthly, including interest at prime plus 3%.

Aggregate annual maturities of long-term debt at December 31, 2007 are:

	<u>Long-term Debt</u>
2008	\$ 11,443
2009	12,799
2010	10,592

Note 3: Income Taxes

The provision for income taxes includes these components:

Taxes currently payable	\$ (16,053)
Deferred income taxes	<u>(2,412)</u>
Income tax benefit	<u>\$ (18,465)</u>

K-One Investment Company, Inc.

Notes to Financial Statements

December 31, 2007

A reconciliation of income tax benefit at the statutory rate to the Company's actual income tax expense is shown below:

Computed at the statutory rate (34%)	\$ (27,309)
Increase resulting from:	
State income taxes	650
Graduated tax rates	5,415
Other	<u>2,779</u>
Actual tax provision (benefit)	\$ <u>(18,465)</u>

The tax effects of temporary differences related to deferred taxes shown on the balance sheet were:

Deferred tax liability

Tax over book depreciation	\$ <u>(7,714)</u>
Net deferred tax liability	\$ <u>(7,714)</u>

Note 4: Related Party Transactions

The Company's principal location is operated out of an office of a corporation which is owned by an officer and stockholder of the Company. The related party transactions for 2007 are summarized below:

Expense reimbursements	\$ 50,665
Commissions	262,106
Stockholder bonuses	67,500
Consulting fees	176,987
Administrative services	<u>156,000</u>
	\$ <u>713,258</u>

K-One Investment Company, Inc.

Notes to Financial Statements

December 31, 2007

Note 5: Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. In addition, equity capital may not be withdrawn in the resulting net capital ratio would exceed 10 to 1.

Net capital, as defined	\$ 86,910
Required net capital	<u>(39,728)</u>
Excess net capital	\$ <u>47,182</u>
Ratio of aggregate indebtedness to net capital	6.86 to 1

Note 6: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Major Customers

Substantially all of the Company's revenues are earned from underwriting fees and commissions from Regulation D private offerings. There are a limited number of available offerings. Revenue from two unrelated customers comprised 50% of the Company's 2007 revenues.



Independent Auditor's Report on Internal Control

Board of Directors
K-One Investment Company, Inc.
New York City, New York

In planning and performing our audit of the financial statements and supplemental schedules of K-One Investment Company, Inc. (the Company), as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control), as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions related to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the Company's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Company's financial statements that is more than inconsequential will not be prevented or detected by the Company's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be detected or prevented by the Company's internal control.

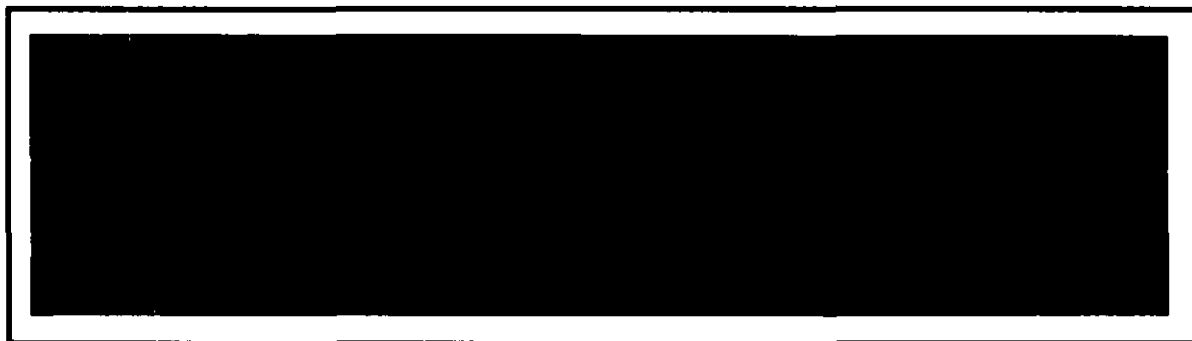
Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we noted the following matter involving the control environment, accounting system and control activities and their operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of K-One Investment Company, Inc. for the year ended December 31, 2007, and this report does not affect our report thereon dated February 26, 2008.

The Company's accounting functions are performed primarily by a single employee. These duties include receipt and deposit of funds; preparing, signing and recording of checks.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP



K-One Investment Company, Inc.

Accountants' Report and Financial Statements

December 31, 2007 and 2006



K-One Investment Company, Inc.

December 31, 2007 and 2006

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Independent Accountants' Report

Board of Directors
K-One Investment Company, Inc.
New York City, New York

We have audited the accompanying balance sheets of K-One Investment Company, Inc. as of December 31, 2007 and 2006, and the related statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of K-One Investment Company, Inc. as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BKD, LLP

Fort Smith, Arkansas
February 27, 2008

K-One Investment Company, Inc.

Balance Sheets December 31, 2007 and 2006

Assets

	2007	2006
Current Assets		
Cash	\$ 447,187	\$ 286,956
Securities, at cost	25,000	-
Accounts receivable	257,482	507,293
Refundable income taxes	65,411	-
Prepaid expenses and other	2,639	19,926
Total current assets	797,719	814,175
Equipment, At Cost		
Office furniture and fixtures	46,456	41,616
Less accumulated depreciation	14,563	9,917
	31,893	31,699
	<u>\$ 829,612</u>	<u>\$ 845,874</u>

Liabilities and Stockholders' Equity

Current Liabilities		
Note payable	\$ 34,965	\$ -
Current maturities of long term debt	11,443	-
Accounts payable	510,258	524,647
Income tax payable	-	23,276
Accrued expenses	15,873	-
Total current liabilities	572,539	547,923
Long-term Debt	23,391	-
Deferred Income Taxes	7,714	10,126
Stockholders' Equity		
Common stock, \$1 par value; authorized 25,000 shares; issued and outstanding 21,000 shares in 2007 and 2006, respectively	21,000	21,000
Additional paid-in capital	23,772	23,772
Retained earnings	181,196	243,053
Total stockholders' equity	225,968	287,825
	<u>\$ 829,612</u>	<u>\$ 845,874</u>

K-One Investment Company, Inc.

Statements of Operations

Years Ended December 31, 2007 and 2006

	2007	2006
Revenues	<u>\$ 10,293,119</u>	<u>\$ 8,190,694</u>
Operating Expenses		
Commissions	9,277,439	7,399,481
Professional fees	94,734	49,554
Bonuses	299,250	147,099
Directors' fees	-	7,500
Insurance	20,708	18,555
Regulatory expense	48,880	10,411
Bank charges	2,299	1,039
Taxes and licenses	19,647	4,940
Utilities	25,812	12,995
Travel and lodging	94,890	59,045
Depreciation	6,365	5,578
Postage and supplies	41,478	14,708
Management fee	12,000	6,000
Rent	177,940	101,965
Consulting expense	196,917	178,480
Software support	4,042	3,106
Repairs and maintenance	1,103	-
Other	52,548	-
	<u>10,376,052</u>	<u>8,020,456</u>
Operating Income (Loss)	<u>(82,933)</u>	<u>170,238</u>
Other Income (Expense)		
Interest income	10,466	4,114
Interest expense	(1,080)	-
Other	(6,775)	-
	<u>2,611</u>	<u>4,114</u>
Income (Loss) Before Income Taxes	<u>(80,322)</u>	<u>174,352</u>
Provision (Credit) for Income Taxes	<u>(18,465)</u>	<u>68,100</u>
Net Income (Loss)	<u>\$ (61,857)</u>	<u>\$ 106,252</u>

K-One Investment Company, Inc.

Statements of Stockholders' Equity Years Ended December 31, 2007 and 2006

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total
Balance, January 1, 2006	\$ 21,000	\$ 23,772	\$ 136,800	\$ 181,572
Net income	<u>-</u>	<u>-</u>	<u>106,252</u>	<u>106,252</u>
Balance, December 31, 2006	21,000	23,772	243,053	287,825
Net loss	<u>-</u>	<u>-</u>	<u>(61,857)</u>	<u>(61,857)</u>
Balance, December 31, 2007	<u>\$ 21,000</u>	<u>\$ 23,772</u>	<u>\$ 181,196</u>	<u>\$ 225,968</u>

K-One Investment Company, Inc.

Statements of Cash Flows

Years Ended December 31, 2007 and 2006

	2007	2006
Operating Activities		
Net income (loss)	\$ (61,857)	\$ 106,253
Items not requiring (providing) cash		
Depreciation	6,366	5,578
Loss on disposal of equipment	6,775	-
FINRA penalty financed	37,500	-
Deferred income taxes	(2,412)	3,000
Changes in		
Accounts receivable	284,774	(197,816)
Prepaid expenses	17,287	16,714
Accounts payable and accrued expenses	1,485	(188,277)
Income taxes receivable	(65,411)	-
Income taxes payable	(23,276)	(2,319)
Net cash provided by (used in) operating activities	201,231	(256,867)
Investing Activities		
Purchase of equipment	(13,334)	(4,083)
Purchase of securities	(25,000)	-
Net cash used in investing activities	(38,334)	(4,083)
Financing Activities		
Principal payments on long term debt	(2,666)	-
Net cash used in financing activities	(2,666)	-
Increase (Decrease) in Cash	160,231	(260,950)
Cash, Beginning of Year	286,956	547,906
Cash, End of Year	\$ 447,187	\$ 286,956
Supplemental Cash Flow Information		
Income taxes paid (net of refunds)	\$ 77,831	\$ 67,144
Note issued for insurance premium	\$ 34,965	\$ -

K-One Investment Company, Inc.

Notes to Financial Statements

December 31, 2007 and 2006

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

K-One Investment Company, Inc. is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA). The Company's revenues are predominately earned from underwriting fees and commissions from Regulation D private offerings. Underwritings are provided primarily for corporate real estate ventures throughout the United States of America. The Company has unsecured accounts receivable for revenues earned.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due upon receipt of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Equipment

Equipment is depreciated over the estimated useful life of each asset. Annual depreciation is computed using the straight-line method.

Income Taxes

Deferred tax assets and liabilities are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

K-One Investment Company, Inc.

Notes to Financial Statements

December 31, 2007 and 2006

Revenue Recognition

Revenue is recognized as of the closing date for transactions.

Note 2: Note Payable and Long-term Debt

The Company has a \$34,965 note payable for one of its annual insurance premiums which is due September 2008; payable \$4,073 monthly, including interest at 11.45%.

Long-term debt consisted of the following:

	2007	2006
Installment note payable (A)	\$ 34,834	\$ -
Less current maturities	11,443	-
	<u>\$ 23,391</u>	<u>\$ -</u>

(A) Unsecured, due September 2010; payable \$1,232 monthly, including interest at prime plus 3%.

Aggregate annual maturities of long-term debt at December 31, 2007 are:

	Long-term Debt
2008	\$ 11,443
2009	12,799
2010	10,592

Note 3: Income Taxes

The provision for income taxes includes these components:

	2007	2006
Taxes currently payable	\$ (16,053)	\$ 65,100
Deferred income taxes	(2,412)	3,000
	<u>\$ (18,465)</u>	<u>\$ 68,100</u>

K-One Investment Company, Inc.

Notes to Financial Statements

December 31, 2007 and 2006

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is shown below:

	2007	2006
Computed at the statutory rate (34%)	\$ (27,309)	\$ 59,280
Increase (decrease) resulting from:		
State income taxes	650	13,633
Graduated tax rates	5,415	(8,032)
Other	2,779	3,219
Actual tax provision (benefit)	<u>\$ (18,465)</u>	<u>\$ 68,100</u>

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

	2007	2006
Deferred tax liability		
Tax over book depreciation	<u>\$ (7,714)</u>	<u>\$ (10,126)</u>
Net deferred tax liability	<u>\$ (7,714)</u>	<u>\$ (10,126)</u>

Note 4: Related Party Transactions

The Company's principal location is operated out of an office of a corporation which is owned by an officer and stockholder of the Company. The related party transactions for 2007 and 2006 are summarized below:

	2007	2006
Expense reimbursements	\$ 50,665	\$ 2,572
Commissions	262,106	223,776
Directors' fees	-	7,500
Stockholder bonuses	67,500	77,000
Consulting fees	176,987	158,500
Administrative services	156,000	85,000
	<u>\$ 713,258</u>	<u>\$ 554,348</u>

K-One Investment Company, Inc.

Notes to Financial Statements

December 31, 2007 and 2006

Note 5: Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. In addition, equity capital may not be withdrawn in the resulting net capital ratio would exceed 10 to 1.

At December 31, 2007 and 2006, the Company had:

	<u>2007</u>	<u>2006</u>
Net capital, as defined	\$ 86,910	\$ 236,156
Required net capital	<u>(39,728)</u>	<u>(37,203)</u>
Excess net capital	<u>\$ 47,182</u>	<u>\$ 198,953</u>
Ratio of aggregate indebtedness to net capital	6.86 to 1	2.36 to 1

Note 6: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Major Customers

Substantially all of the Company's revenues are earned from underwriting fees and commissions from Regulation D private offerings. There are a limited number of available offerings. Revenue from two unrelated customers comprised 50% of the Company's 2007 revenues and one unrelated customer comprised 41% of the Company's 2006 revenues.

END